

Message Text

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E.O. 11652: N/A
TAGS: BGEN, EINV, PO
SUBJECT: REDUCTION IN WORKING DAYS AT GRUNDIG

REFS: A) LISBON 4729
B) OPORTO 0173

BEGIN UNCLASSIFIED.

1. SUMMARY. WORKERS AND MANAGEMENT OF GRUNDIG HAVE SIGNED AN ACCORD TO REDUCE EMPLOYEE WORKING TIME BY TWO DAYS PER MONTH. AGREEMENT, FACILITATED BY MINISTRY OF LABOR, REPRESENTS FIRST CASE IN WHICH DECREE 530/76 WAS APPLIED. END OF SUMMARY.

2. BACKGROUND: GRUNDIG, GERMAN-OWNED ELECTRONICS FIRM IN BRAGA, HAD ORIGINALLY SOUGHT PERMISSION TO REDUCE ITS WORK FORCE OF 2277 BY 358 EMPLOYEES. IT LATER TRIED TO NEGOTIATE A REDUCTION OF ONLY 150. COMMUNIST-DOMINATED ELECTRICAL UNION NOT ONLY REJECTED THIS PROPOSAL, BUT DEMANDED A FIFTY PERCENT WAGE INCREASE AND PERMANENT LABOR PARTICIPATION IN MANAGEMENT (SEE REF B). GRUNDIG INSISTED THAT IT WOULD ABANDON PORTUGAL IF IT COULD NOT ACHIEVE SATISFACTORY AGREEMENT. UNION LEADERS TOOK EQUALLY HARD POSITION. WORKERS, HOWEVER, BROKE WITH THEIR LEADERS AND, ON JULY 20, APPROVED A NOW ONE-YEAR ACCORD BY A 78 PER. MAJORITY VOTE. UNION REPRESENTATIVES, WHOM WORKERS TRIED TO PREVENT FROM ENTERING THE FIRM AT ONE POINT, HAVE CONDEMNED

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THE AGREEMENT.

3. THE ACCORD, EFFECTIVE JULY 21, CONTAINS MOST ESSENTIALS
PROPOSED BY GRUNDIG. IT STIPULATES:

- A. GRUNDIG WILL INVEST 38 MILLION ESCUDOS TO EQUIP
ITS ASSEMBLY LINE FOR COLOR TV PRODUCTION.
- B. NO WORKER WILL BE DISMISSED FOR DURATION OF ACCORD.
- C. WORKING DAYS WILL BE REDUCED BY TWO PER MONTH.
WORKERS WILL RECEIVE 84 PER. OF THEIR NORMAL SALARY FOR THOSE
TWO DAYS, 34 PER. PROVIDED BY GRUNDIG AND 50 PER. BY MINISTRY
OF LABOR.
- D. NO WAGE INCREASES WILL BE CONSIDERED DURING DURATION
OF ACCORD. NEW WAGE SCALES WILL BE NEGOTIATED IN MARCH
1977.

4. FOREGOING INFORMATION WAS RECEIVED TELEPHONICALLY FROM
AMCON OPORTO. END UNCLASSIFIED.

5. BEGIN LIMITED OFFICIAL USE. EMBASSY COMMENT: AGREEMENT
REPRESENTS SEVERAL SIGNIFICANT DEVELOPMENTS. FIRST, IT
IS FIRST CASE IN WHICH GOP UTILIZED ITS NEW POWER UNDER
DECREE-LAW 530/76 TO REDUCE WORKING TIME. THIS ACCORD
COULD SET PRECEDENT FOR SUBSEQUENT AGREEMENTS IN
NUMEROUS PUBLIC AND PRIVATE FIRMS WITH EXCESS LABOR FORCE.
SECOND, IT CONSTITUTES EFFECTIVE WORKER REJECTION OF
AMBITIOUS DEMANDS PROPOSED BY ELECTRONIC/ELECTRICIANS
UNION FOR A NEW CONTRACT. THIRD, WORKERS OPENLY DEFIED
AND REPUDIATED THEIR UNION LEADERS. THIS ACTION WILL
CERTAINLY BE NOTED BY EMPLOYEES IN OTHER FIRMS WITH FI-
NANCIAL DIFFICULTIES. IT SUGGESTS, MOREOVER, THAT RANK-
AND-FILE LABOR, AT LEAST IN NORTHERN PORTUGAL, MAY BE GROWING
SUFFICIENTLY CONCERNED ABOUT JOB SECURITY TO MODERATE
THEIR WAGE DEMANDS. END LIMITED OFFICIAL USE
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